

CITY OF BELLEVUE  
CITY COUNCIL

Summary Minutes of Special Meeting  
**Council Retreat**

February 5-7, 2009

Majestic Inn  
Anacortes, Washington

PRESENT: Mayor Degginger and Councilmembers Bonincontri, Chelminiak, Davidson, and Lee

ABSENT: Deputy Mayor Balducci and Councilmember Noble

1. Thursday, February 5, 2009

Mayor Degginger opened the meeting at 8:30 p.m.

City Manager Steve Sarkozy explained that, unlike the strategic discussions of past retreats, the primary objective of this retreat is to determine the best ways to address the delivery of the many projects planned or underway by the City. He reviewed background information contained in the retreat binder to inform the discussions. Mr. Sarkozy invited Councilmembers to identify other desired retreat outcomes.

Councilmembers discussed their interest in reviewing the budget process, particularly within the context of the economic downturn and anticipated decreases in tax revenues (e.g., sales tax, business and occupation tax). Councilmember Bonincontri suggested looking at ways to foster talent within the community and to stimulate small businesses.

Councilmember Chelminiak encouraged expanding neighborhood investment strategies focused on both residential and commercial redevelopment. Mayor Degginger noted that assuring electrical service reliability is also a major priority for Council in the coming years.

Mr. Sarkozy highlighted key activities and accomplishments during 2008 including strategic planning, the implementation of environmental initiatives, involvement with the Enatai neighborhood with regard to tree protection, completion of the Mercer Slough Environmental Education Center, the restoration of Kelsey Creek, rezoning of the Medical District, the creation of NORCOM, receipt of significant grant funding for numerous projects, as well as national recognitions and awards.

Mayor Degginger noted that the City has moved forward with planning and implementing many of the most significant transportation mobility projects, won voter approval of the parks levy, and continues to be recognized as a safe city.

Councilmember Chelminiak noted Council's focus on projects incorporating environmental stewardship, including within the Bel-Red Subarea redevelopment plan.

Councilmember Lee would like Bellevue to gain recognition in international trade and economic development. Mayor Degginger noted that India is considering placing a consulate in Bellevue.

Mayor Degginger commended staff's management of snow and ice removal during the multiple winter storm events in December.

Dr. Davidson reflected that the numerous accreditations and awards won by the city serve as a defacto positive performance audit of the City's operations.

Mr. Sarkozy recalled major projects accomplished in the past few years including the Access Downtown project, and commented on the potential for additional significant milestones in the future through the Mobility and Infrastructure Initiative, parks levy, and other efforts. He walked through "retrospective" materials prepared for the retreat that capture major policy development, key projects, results of citizen surveys, and other key developments that will be updated over time.

Councilmember Chelminiak commended the significant achievements in public safety, including departmental accreditation and the establishments of the NORCOM regional communications center. He would like more information on the Police Department's strategic plan as well as leveraging of the City's and region's Homeland Security grant funding.

Mayor Degginger suggested a story about the Police Academy on B-TV and/or the *It's Your City* newspaper. He encouraged a continued emphasis on neighborhood training for emergency preparedness.

Dr. Davidson noted that the Bel-Red Subarea planning effort over the past two years will be implemented over many years to come.

Councilmember Chelminiak expressed an interest in encouraging hybrid car use by providing electric charging stations at transit park and ride lots, and potentially through additional incentives for owning fuel-efficient cars.

Responding to Mr. Sarkozy, Mayor Degginger concurred with the need to explore this issue further to determine the appropriate role for the City.

At 11:00 p.m., Mayor Degginger declared recess until the next morning.

## 2. Friday, February 6, 2009

Mayor Degginger opened the meeting at 8:50 a.m.

Mr. Sarkozy highlighted current and potential development activity in Downtown Bellevue and along 116<sup>th</sup> Avenue NE, the proposal to expand the Meydenbauer Convention Center, and redevelopment of the Lake Hills Shopping Center. Economic Development staff is continuing to work with neighborhoods and business interests on redevelopment of a number of neighborhood shopping centers. Staff will schedule a future discussion with the Council regarding revitalizing the Newport Hills area and addressing sports field renovations. Council and staff also discussed the importance of retaining auto dealerships in Bellevue.

Council and staff discussed the potential for possible public acquisition of the Burlington Northern Santa Fe railway. The rail corridor has been mentioned as a possible alignment alternative for Sound Transit 2 (East Link light rail).

Also discussed were ongoing efforts by Bellevue Community College to gain the authority to move to a four-year college designation. Staff described collaborative discussions with BCC staff regarding operation of recreational facilities on the BCC campus.

Moving to discussion of the budget process, Mr. Sarkozy described staff's efforts to significantly restrict spending and manage available resources to address the declining economy beginning in the fall of 2008.

Finance Director Jan Hawn reviewed the actions taken by staff to date to address the potential budget shortfall. The City Manager sent a message to all staff in mid-December regarding the need to curtail spending. The City is not filling most vacant positions and is delaying the implementation of some contracts. Ms. Hawn provided additional details regarding the financial forecast and responded to questions of clarification from the Council. Staff anticipates that Bellevue's budget will be moderately affected during 2009 and 2010. Staff is prepared to take additional measures to curb spending still further if the economy worsens. Staff remains focused on maintaining service delivery.

Council and staff talked about how to proceed with the many competing capital priorities including Surrey Downs Park Master Plan, Meydenbauer Bay Park and surrounding land use planning, developing a park Master Plan for the Eastgate properties, and the Aquatics Center feasibility study.

Parks and Community Services Director Patrick Foran reviewed the projects contained in the parks levy package to be implemented over a 20-year period.

The Council discussed interest in moving forward with Surrey Downs park, including the potential to partner with the Bellevue Boys & Girls Club on this site or another City site; coordinating the development of Meydenbauer Bay Park with the completion of Downtown Park; and adding neighborhood parks in Bridle Trails and Lake Sammamish areas. Council discussion and approval of the Master Plan for the Eastgate properties is anticipated in mid-Summer. Alternatives for numbers and types of field uses at Eastgate were discussed, along with the opportunity for incorporating a recreational building under several scenarios. Projects at the Bellevue Botanical Garden and Bellevue Youth Theater will be heavily dependent on fundraising efforts.

Councilmember Chelminiak discussed how further development of Surrey Downs park will provide a catalyst for neighborhood enhancements. Mayor Degginger agreed that the project could be transformational and bring heightened energy to the neighborhood.

There was general Council support for maintaining sports fields as a high priority, and for further analysis of Surrey Downs Park and Lewis Creek Park. Councilmembers noted the importance of proceeding with construction of parks levy projects to assure the public that they are seeing the benefits from the levy.

Recognizing that two Councilmembers were not able to attend the retreat, the present Councilmembers tentatively arrayed the following priorities, subject to later confirmation: Synthetic sports fields and Lewis Creek Park (can proceed early in the timeline); Botanical Gardens and Youth Theater (to incentivize fundraising); Surrey Downs and the Eastgate properties (mid-term); and Downtown Park, neighborhood parks, and trails (phased).

Diane Carlson, Director of Intergovernmental Relations, then described the proposed configuration for a municipal court facility, including two court rooms, administrative space, and possibly probation services. She discussed potential sites for a court facility, but noted there is currently no capital funding for this project. Two possible options for future court operations include continued contracting with King County or contracting with the Issaquah courts.

Mayor Degginger requested more information regarding the underlying assumptions for court costs and why these differ so greatly from previous assumptions.

Planning and Community Development Director Matt Terry opened discussion regarding mobility capital projects. Transportation Director Goran Sparrman reviewed what staff believes is a logical phasing of transportation mobility projects. However, he noted that significant funding will be needed to fully cover mobility and infrastructure project costs.

The Council expressed an interest in learning more about the major utility lines within the Burlington Northern Santa Fe right-of-way in order to anticipate the impacts on several City projects. Councilmembers said they would like to see a three-dimensional model of how the utilities lie within the ROW.

Staff and Council discussed key transportation priorities including NE 4<sup>th</sup> Street, 124<sup>th</sup> Avenue NE ramps at SR 520, and transit services including a Downtown circulator. Council discussed interest in legislation allowing for operation of local transit services.

Mr. Sparrman reported that staff will bring a presentation to the Council on the plan for implementing the intelligent transportation system (ITS) over the coming years. He explained how Bellevue will coordinate its system with those in Redmond and Kirkland, and with SR 520 highway ramps operated by the Washington State Department of Transportation (WSDOT).

Mr. Terry reported on staff's continuing negotiations with King County regarding the City's desire to purchase the Metro site adjacent to City Hall. He described the opportunity to partner

with Sound Transit to use the site for construction staging in the East Link light rail project, depending on the preferred alignment.

The Council briefly discussed regional transportation projects, including SR 520 and the proposed 124<sup>th</sup> Street on/off ramps. Mayor Degginger requested information on the HOT lane test project on Highway 167.

Mr. Sparrman provided an update on the I-90 HOV/transit R8A project. Mr. Sarkozy noted that WSDOT and Sound Transit are in continuing discussions about the use of the center lanes for light rail operation.

Moving to a discussion of the Bel-Red redevelopment incentive program, Mr. Terry described how development will likely occur over time. He noted the potential for negotiating with a developer to structure a catalyst redevelopment project in the Bel-Red corridor.

Councilmembers discussed the precedent-setting nature of any catalyst agreements. One issue is that if concessions are allowed for some developers, that raises the costs for later developers. Mr. Terry described the value of stimulating early development along with the implementation of light rail, in terms of demonstrating the City's investment in the Bel-Red corridor and its redevelopment. He described how the amenity incentive system might be employed for a catalyst development project.

Councilmembers commented on the importance of encouraging both residential and office/commercial developments in the Bel-Red area. Mayor Degginger noted Council support for further analysis and discussion of potential incentives for stimulating Bel-Red redevelopment, including a catalyst project. Staff will present the results of its analysis in the next few weeks.

Moving to a discussion of downtown projects, Mr. Terry briefly described a number of projects that are completed or funded and ongoing. He outlined unfunded project ideas that could be candidates for the \$16 million set aside for the Mobility & Infrastructure Initiative. Mr. Terry said there is limited private property ownership interest in investing in any Pedestrian Corridor improvements at this time. As an alternative, he suggested that funding set aside for those improvements could be diverted to the 108<sup>th</sup> Avenue Great Streets project. He briefly reviewed additional candidate projects for downtown project funding.

Dr. Davidson noted that many of these projects, such as Main Street redevelopment, might best be put on hold until decisions are made regarding Sound Transit light rail.

Councilmember Bonincontri suggested reprogramming the \$2 million currently allocated to the Pedestrian Corridor, adding it to the \$16 million Mobility and Infrastructure Initiative funding proposed for Downtown projects.

Mayor Degginger would prefer to defer programming of the \$18 million until the City knows which light rail alignment is selected by Sound Transit.

Mr. Sparrman noted that engineering has been completed for some of the 108<sup>th</sup> Avenue Great Streets elements, which are therefore ready for implementation.

Following additional Council discussion, Mayor Degginger noted a Council consensus to set aside the \$2 million for Pedestrian Corridor improvements and \$4.8 million for Great Streets projects for reconsideration after the Sound Transit light rail alignment has been determined. They agreed to also reserve the \$16 million for Downtown projects until impacts of Sound Transit planning/analysis are better known.

Ms. Carlson updated the Council on the jail analysis. If Council is interested in issuing a request for qualifications (RFQ) for a Bellevue-only jail facility, possibly co-located with City Hall, staff will return later this year with a presentation on this alternative. The City of Kirkland is interested in considering a contract with Bellevue under this option.

Mayor Degginger noted a consensus to proceed with exploring this option.

Turning to previous Council direction regarding a study of electrical service reliability, Mr. Sparrman said staff has been working to identify consulting firms that can assist with the process. Staff will prepare a request for proposals (RFP) for Council action in the spring. The goal is to evaluate both the short-term and long-term dependability of Puget Sound Energy's systems. The City is interested in assessing the system's ability to withstand storms as well as its capacity to meet growth needs in the downtown and throughout the community.

Mayor Degginger wants to determine the City's role and policies with regard to ensuring electrical service reliability. He wondered whether the Land Use Code can require better reliability through guidelines for utilities serving high-rise buildings. He is also concerned about electrical reliability for people who work at home.

Dr. Davidson questioned whether the siting of stations will be part of the discussion.

At 4:15 p.m., Mayor Degginger declared a break.

The meeting resumed at 5:15 p.m.

Mr. Sarkozy introduced discussion regarding staff's negotiations with King County about the potential for purchasing the downtown Metro site. In addition to other benefits, the acquisition could provide the opportunity to partner with Sound Transit to use the Metro site as a staging area during construction of the light rail system, depending on the alignment alternative that is chosen.

Mr. Sarkozy noted the need to consider acquisition of the Metro site also within the context of the need for a downtown fire station. One option would be to use the site for construction staging for a number of years, and to then use the site in part for a downtown fire station. He noted the potential to locate a fire station at the bottom level of an office building, which could

house a jail and/or courts. The initial phase of a downtown fire station could involve operating emergency medical services from the City Hall Police garage.

Dr. Davison questioned whether siting a fire station on the Lincoln property east of I-405 could serve both downtown and the Wilburton/Bel-Red area. Mr. Sarkozy said the siting potential for the two sites is based on zoning regulations.

Councilmember Bonincontri questioned whether a fire station at that location would be able to serve the Bel-Red area once it is fully developed. Mr. Sarkozy noted the potential for serving the Bel-Red area from fire stations in the Crossroads area and downtown, and through joint operations with the City of Redmond.

Councilmember Chelminiak commented that an elevated light rail configuration could conflict with fire equipment movement to and from the fire station.

The Council concurred with staff's proposal to pursue discussions with King County about the purchase of the Metro site, with the intent of using the site initially for Sound Transit light rail construction staging and later for a fire station.

Council and staff discussed Bellevue's remaining Potential Annexation Area (PAA) in the Eastgate area. There is an effort within the state legislature to adopt a law requiring annexations within the next three years. This is aimed at helping King County address its budget shortfall, as the annexation areas represent one-quarter to one-third of the County's deficit. Annexation of these areas would allow King County to reduce its services and budget. Staff described the potential fiscal impacts on Bellevue should it proceed with annexation.

Mayor Degginger expressed interest in seeing whether King County would actually reduce services and decrease its budget if annexations were completed. He noted an interest in talking to state legislators about mandating that King County reduce staff and reduce other expenditures, such as requiring employees to pay a greater portion of their health insurance costs. He is interested in legislative changes that would enable the City to operate its own downtown circulator service.

Following additional discussion, staff said they will work with legislators, the cities of Kirkland and Redmond, and the Governor's staff on the annexation issue. Staff will draft a position paper for further discussion with the Council.

Regarding the Mercer Slough Environmental Education Center, Mr. Sarkozy said the City is committed to building the last section of classrooms, which was to be funded in part by the Pacific Science Center. He described Pacific Science Center's plans to complete their funding contribution in the face of the economic downturn.

At 6:45 p.m., Mayor Degginger declared recess to dinner.

3. Saturday, February 7, 2009

Mayor Degginger opened the meeting at 9:15 a.m.

Council and staff discussed the need to build water and sewer utilities before other infrastructure in the Bel-Red area. The policy question for Council will be how to finance this element of the infrastructure improvements. One alternative is to borrow from repair and replacement reserves, and to repay the funds along with a market rate of interest. The purpose of the reserve funds is to replace existing utility facilities and equipment as they age, and there will be significant replacement needs within the next 20 to 30 years. Staff has been talking about deliberately beginning the replacement of some utilities early in order to spread the expenditures out over time.

Mayor Degginger suggested considering coordinating the repair and replacement of water and sewer utilities infrastructure with the replacement and/or enhancement of electrical infrastructure. Council and staff agreed to wait to discuss overall infrastructure replacement along with the results of the electrical reliability study.

Dr. Davidson expressed concern about borrowing from reserves.

Councilmember Lee noted his past interest in reducing reserves to keep customer utility rates down. However, he has reservations about the financial needs and feels there is a risk to using the money early.

Mr. Sarkozy said he would not recommend the use of reserve funds without the absolute guarantee that it would be replaced. Staff identified the option as one potential infrastructure investment mechanism. Staff agreed to bring back alternatives for Council consideration later this spring, as part of the long-range financing discussion.

Mr. Sarkozy requested Council's support for moving forward with new financing mechanisms for the Bel-Red area including implementation of revised impact fees and creation of Local Improvement Districts (LIDs)..

Councilmember Davidson said he is hesitant to support LID assessments before conducting an analysis to determine whether they will raise the amount of money projected in the long-range finance plan.

Councilmember Bonincontri would like some flexibility in how to achieve the impact fee revenue targets in the Bel-Red financing plan. She prefers increasing the fees gradually over time to a maximum of \$5,000.

Councilmember Chelminiak feels it is important to strike the appropriate balance with taxes and fees in terms of their impact on developers, taxpayers, and the ultimate business owner on the property.

The Council requested information on when impact fees are assessed and the terms and requirements of building permits.



Mayor Degginger suggested conditioning incentive-level impact fees upon the completion of a project within two years, in order to avoid significant delays in project construction. He noted that the Council has kept impact fees artificially low for many years and, therefore, the proposed increase will appear to be significant. He also commented that LID assessments did not fully fund transportation infrastructure in the downtown.

Following additional brief discussion, Mayor Degginger noted general support for impact fees. However, Councilmembers are interested in staff's analysis of scenarios that would increase impact fees in increments, and in the financial implications of such an approach. Mr. Degginger suggested research to determine whether there are any legal obstacles to increasing impact fees if a project is not completed within a specific timeframe.

Mr. Sarkozy commented on the Chapin property owned by the City, and the potential to use the site for a Boys and Girls Club. Mayor Degginger expressed an interest in continuing the City's partnership with the Boys and Girls Club.

Following brief discussion, Mr. Sarkozy said if directed by the Council, staff can analyze the Chapin property and other sites (e.g., Surrey Downs, Ashwood, Meydenbauer Bay), assumptions for their usage, and possible ways to construct an agreement to exchange properties. He noted the possibility of moving the Winters House to a new location if Sound Transit's light rail alignment impacts the property. The house is currently designated as a historic landmark and is used by the Eastside Heritage Center.

Moving to the Cultural Compass plan, Councilmembers discussed the need to consider utilizing a comprehensive arts strategy throughout the community instead of an approach that funds only individual projects. There was general support for stimulating and enhancing cultural arts along with the more traditional focus on visual and performing arts.

Mayor Degginger noted his understanding that the Council's support for cultural events was not intended only to subsidize programs through outside arts agencies, but for the City to deliver an overall plan.

It was agreed that Councilmember Bonincontri, as liaison to the Arts Commission, will talk to the Commission about the goals of the Cultural Compass, as well as an emphasis on promoting art through an overall strategy rather than only providing financial support to arts organizations.

Councilmember Chelminiak suggested planning and managing the City's arts and cultural activities as part of an overall strategy or initiative. He further suggested cataloging and coordinating cultural and neighborhood events throughout the community, which he feels is beyond the scope of the Arts Commission's work and responsibilities.

Mr. Sarkozy suggested the Council consider the creation of an ongoing endowment for arts and cultural projects and programs, to be funded in part by private contributions and partnerships.

As a new initiative, Dr. Davidson proposed creating a small hatchery on Kelsey Creek as a demonstration of the salmon life cycle and their return from the ocean. Mayor Degginger

questioned whether this could qualify as a mitigation measure under environmental regulations. Councilmember Chelminiak suggested that such a project could be implemented in partnership with the Mercer Slough Environmental Education Center.

With regard to human and social services, Councilmember Lee questioned Council's interest in placing more emphasis on immigrant populations and community mental health services.

Council and staff briefly reviewed the rules governing the City Council's appointment of Board and Commission members. Council liaisons will provide any remaining comments to the City Clerk in order to finalize preparation of ordinances cataloging revised logistics and roles/responsibilities for each of the Council-appointed Boards and Commissions.

At 11:30 Mayor Degginger declared the meeting adjourned.

Myrna L. Basich  
City Clerk

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